

Message Text

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R 080034Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

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E.O. 11652: N/A

TAGS: EGEN, BBAK, NI

SUBJECT: MEETING OF NIGERIAN-AMERICAN CHAMBER OF COMMERCE

SUMMARY: AMERICAN BUSINESSMEN ACTIVE IN NIGERIA MET
APRIL 6 TO HEAR NIGERIAN AMBASSADOR SANU BUT COMPLAINED
PRIVATELY ABOUT VARIETY OF PROBLEMS, ESPECIALLY NEW TRADE
RESTRICTIONS.

BEGIN UNCLASSIFIED

1. NIGERIAN AMBASSADOR SANU SPOKE APRIL 6 IN NEW YORK
CITY TO THE FIRST LUNCHEON MEETING OF THE NIGERIAN-
AMERICAN CHAMBER OF COMMERCE SINCE JUNE 1975. AUDIENCE
CONSISTED OF WELL OVER ONE HUNDRED BUSINESSMEN AND IN-
CLUDED DEPOFF, USIA REPORTER, AND INTERNATIONAL TRADE
SPECIALIST OF USDOC DISTRICT OFFICE IN NEW YORK. (GUEST
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LIST BEING POUCHED.)

2. SANU'S SPEECH WAS FOR MOST PART A ROUTINE DESCRIPTION ECONOMIC MEASURES RECENTLY ANNOUNCED BY HEAD OF STATE (LAGOS 3961). HE SAID FY 1975-76 HAD BEEN A BAD YEAR ECONOMICALLY; OIL PRODUCTION WAS DOWN PRIMARILY DUE TO WORLD RECESSION BUT IN PART DUE TO CONSERVATION PRACTICES OF FMG. HE SAID NIGERIAN RESERVES WOULD REMAIN AT CURRENT LEVEL (\$4.92 BILLION) DURING 1976-77. CURRENT OIL PRODUCTION (2 MILLION B/D) IS JUST ENOUGH TO SUPPORT 1976-77 BUDGET (\$9.2 BILLION) AND QUOTE TO CONTINUE OUR PROGRESS TOWARD BECOMING SELF-SUFFICIENT AND SELF-RELIANT. UNQUOTE. SANU REAFFIRMED FMG DESIRE FOR FOREIGN INVESTMENT AND INTENTION TO HONOR ITS OBLIGATIONS. HE RECEIVED NINE POLITE QUESTIONS ABOUT BANKING REGULATIONS, PORT CONGESTION, FESTAC (ASKED BY OLATUNJI, THE DRUMMER), INDIGENIZATION, AND OVERLAND TRANSPORT FROM GHANA. IN REPLY TO LAST QUESTION, SANU SAID FMG HAS MADE ARRANGEMENTS TO COMPENSATE GHANA, TOGO, AND BENIN FOR FMG GOODS WHICH PASS OVER THEIR ROADS, BUT PRIVATE SECTOR IMPORTS BY THIS ROUTE WOULD BE FREE OF THE ADDED CHARGE.

3. CHAMBER PRESIDENT GARBARINO ANNOUNCED THAT SANU HAS AGREED TO PARTICIPATE IN SERIES OF SMALL, INFORMAL MEETINGS TO DISCUSS PROBLEMS BEING ENCOUNTERED BY SOME BUSINESSES. END UNCLASSIFIED.

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4. POLITENESS OF THE LUNCHEON PROGRAM CONTRASTED WITH PRIVATE REMARKS OF MANY GUESTS. ONE EXPORTER CIRCULATED COPIES OF NEW NIGERIAN IMPORT REGULATIONS AND LIST OF NEWLY PROHIBITED IMPORTS. (HIS COPIES HAD BEEN OBTAINED VIA LEVENTIS LONDON.) UNDISGUISED PROTECTIONISM OF THE PROHIBITED LIST AND THE NEW REGULATION WHICH EXCLUDES GOODS MARKED WITH QUOTE IMPERIAL UNQUOTE WEIGHTS AND MEASURES WERE WIDELY CRITICIZED (STATE 081691).

5. THE BANKERS WERE UPSET BY NEW REGULATIONS WHICH CANCEL MERCHANT BANKS' RIGHT TO ACQUIRE FOREIGN EXCHANGE LIMITED OFFICIAL USE

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AND FORCE THEM TO CUT BACK OR END ALL SHORT-TERM LENDING. THEY ALSO EXPRESSED CONCERN ABOUT NEW TRADE REGULATIONS, WHICH THEY HAVE NOT YET SEEN, REQUIRING PAYMENT ONLY ON RECEIPT OF GOODS AND ENDING CONSIGNMENT OF GOODS VIA BANKS (STATE 078811). ONE BANKER SAID THESE REQUIREMENTS COULD BE AS ONEROUS AS THE EXCHANGE CONTROL REGULATIONS WHICH PREVAILED PRIOR TO 1973.

6. TWO REPRESENTATIVES OF THE AMERICAN INTERNATIONAL GROUP MET BY PREARRANGEMENT WITH AMBASSADOR SANU AFTER THE LUNCHEON TO REGISTER THEIR UNHAPPINESS WITH THE THREATENED TAKEOVER OF 49 PERCENT OF THE AMERICAN INTERNATIONAL INSURANCE CO. IN NIGERIA (SEPTTEL).

7. REPRESENTATIVES OF WESTINGHOUSE TCOM AND CE TEC PRIVATELY EXPRESSED SATISFACTION WITH HUGE CONTRACTS THEY RECENTLY OBTAINED FROM FMG FOR TELECOMMUNICATIONS AND MILITARY CONSTRUCTION.

8. DEPOFF AND USDOC REP VISITED THE NIGERIAN CONSULATE GENERAL TO MEET WITH ECONOMIC COUNSELOR BORODO (ANI'S REPLACEMENT) AND COMMERCIAL OFFICER MAKANJUOLA (WHO IS RESPONSIBLE FOR FMG COMMERCIAL WORK IN US). MAKANJUOLA SAID FMG HAS JUST ISSUED OR WILL SOON ISSUE DECREE ESTABLISHING TRADE CENTERS IN LONDON, BRUSSELS, AND NEW YORK. PRIMARY PURPOSE OF THE CENTERS WOULD BE PROMOTION OF NIGERIAN EXPORTS, BUT THEY WOULD ALSO TRY TO ATTRACT FOREIGN INVESTMENT.

9. ACTION REQUESTED: PLEASE REPORT TRADE CENTER DECREE IF AND WHEN ISSUED. WHAT IS STATUS OF THE US REQUEST CIRCA 1972 TO ESTABLISH TRADE DEVELOPMENT CENTER IN LAGOS, I.E. DID FMG REPLY, DID EMBASSY WITHDRAW REQUEST, OR IS IT STILL UNANSWERED? END LIMITED OFFICIAL USE.

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